



**Fact Sheet
on the
Environmental Cooperative Agreement
between
We Energies
and
Wisconsin Department of Natural Resources**



On September 30, 2002, following a Public Comment Period and formal Public Hearing, the Wisconsin Department of Natural Resources (DNR) and Wisconsin Electric Power Company (WEPCO), doing business as We Energies, signed an Environmental Cooperative Agreement (Agreement). The Agreement covers eight fossil fuel power plants in Wisconsin. This Agreement was developed under Wisconsin's Environmental Cooperation Pilot Program pursuant to Section 299.80, Wis. Statutes.

A. Background

WEPCO produces, delivers, and sells electric energy in southeastern, east central, and northern portions of Wisconsin and the Upper Peninsula of Michigan. WEPCO owns and operates five coal-burning power plants and three natural gas-burning power plants in Wisconsin that are covered by this agreement.

WEPCO was the first company to enroll in the Environmental Cooperation Pilot Program when it signed an agreement with DNR in February 2001 covering the Pleasant Prairie Power Plant. WEPCO has been frequently recognized for its environmental leadership, including winning the 2002 Governor's Award for Excellence in Environmental Performance.

B. WEPCO Commits to Continuing Environmental Improvement

With this agreement, WEPCO is volunteering to reduce air emissions from its five coal-burning power plants in Wisconsin. In doing so, WEPCO becomes the first company in Wisconsin to voluntarily commit to an enforceable, multi-pollutant, air quality strategy that goes beyond current regulatory requirements.

WEPCO's air quality strategy begins with new, system-wide emission limits for sulfur dioxide (SO₂) and nitrogen oxides (NO_x) that all of its Wisconsin coal-burning power plants, averaged together, must meet. WEPCO will achieve a system-wide SO₂ limit of 0.45 lbs/mmBTU within ten years of the date of this agreement, with an interim limit of 0.70 lbs/mmBTU to be achieved within five years. WEPCO will also achieve a system-wide NO_x limit of 0.15 lbs/mmBTU within ten years of the date of this agreement and an interim NO_x limitation of 0.25 lbs/mmBTU within five years. WEPCO's 2000 system-wide emission rates were within regulatory limits, at approximately 0.87 lbs/mmBTU for SO₂ and 0.38 lbs/mmBTU for NO_x.

The air quality strategy also requires WEPCO to reduce mercury emissions from its Wisconsin coal-burning power plants from 1998-2000 levels by 10% within five years of this agreement and by 50% within ten years. Furthermore, the strategy documents WEPCO's intent to take several types of actions to address greenhouse gas emissions.

C. Flexibility to be Granted by DNR

The agreement does not grant any variances to existing environmental standards, emission limits, or pollution control requirements, and all pollution limits currently applicable to WEPCO remain at least as stringent as they would otherwise be, as well as verifiable and enforceable. The agreement does, however, provide more flexibility to WEPCO by reducing certain administrative requirements for permitting, monitoring and reporting. DNR negotiated terms to ensure that this flexibility still provides adequate levels of regulatory oversight. The result is that these alternative procedures will save WEPCO and DNR both time and money, without jeopardizing environmental quality. This agreement does not exempt WEPCO from any future environmental requirements.

DNR and WEPCO carefully considered a range of significant factual, legal, methodological and policy questions in order to create an agreement that promises real environmental and economic improvements. The most challenging of these questions regarded WEPCO's desire to establish this agreement as an alternative compliance plan for a mercury reduction rule that had been drafted by DNR. Because DNR was still evaluating comments on the draft rule and the rule had not yet been promulgated at the time this agreement was signed, DNR could not guarantee that the agreement would satisfy the requirements of the rule. Instead, the agreement allows WEPCO the flexibility to terminate the agreement if their multi-pollutant reduction strategy is not adequate for compliance with DNR's final mercury rule.

D. Benefits of Agreement

The agreement negotiated by DNR and WEPCO is consistent with the goals and requirements of the Environmental Cooperation Pilot Program. Over the course of a decade, the agreement will lead to more than a 50% reduction in mercury, sulfur dioxide, and nitrogen oxide emissions from existing coal-fired power plants owned by WEPCO. The agreement also gives WEPCO more flexibility to plan and manage the costs of emission reductions, and could ultimately serve as a model for other multi-pollutant approaches to air quality improvements. Furthermore, WEPCO will implement environmental management systems at all eight power plants, which could lead to even greater environmental benefits. WEPCO will evaluate and quantify the actual benefits from this agreement annually in a publicly available report.

E. Community Involvement and Building Trust

As part of this agreement, WEPCO will increase the opportunities for interested persons in the community to learn about the company's environmental plans and achievements. A group of stakeholders, consisting of persons interested in the system-wide aspects of the agreement as well as persons interested in local issues specific to individual power plants, will be involved in twice-yearly reviews of the company's environmental management systems and progress reports. The public in general will have more access to information about WEPCO than ever before -- through tours, meetings, presentations, and publication of information on the Internet. All of these efforts, collectively, should lead to increased trust between WEPCO, DNR, and the public.

For more information or a copy of the agreement between DNR and WEPCO:

Go to the Bureau of Cooperative Environmental Assistance website at:

<http://www.dnr.state.wi.us/org/caer/cea/ecpp> or contact John Shenot at (608)267-0802, or send email to John.Shenot@dnr.state.wi.us.